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NATIONAL INTELLIGENCE DAILY CABLE

Friday December 3, 1976 CI NIDC 76-282C

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National Intelligence Daily Cable for Friday, December 3, 1976

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The NID Cable is for the purpose of informing senior US officials.

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CHINA: New Foreign Minister

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[] The standing committee of the National People's Congress, China's legislature, announced only one major personnel decision when it ended its three-day session yesterday.

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[] Former Chinese ambassador to the UN Huang Hua, who was recalled to Peking a few days ago, has replaced Chiao Kuan-hua as foreign minister. Huang is one of China's most seasoned diplomats and played an important role in the early stages of China's opening to the US. His appointment suggests that Peking does not plan any major departures from its current foreign policy line. In fact, the announcement of the close of the session included a reference to continuation of Mao's revolutionary line on foreign affairs, a codeword for the opening to the US.

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[] The removal of former foreign minister Chiao Kuan-hua was apparently based on his domestic political attitude--he evidently was too strident in his criticism of ousted vice premier Teng Hsiao-ping--rather than on any unhappiness with his conduct of foreign policy.

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[] The standing committee decided on other appointments to and removals from important government positions, but none was announced. These probably included the formal removal of the ousted leftist leader Chang Chun-chiao from his job as vice premier and the naming of new ministers of culture, education, and coal.

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[] The meeting did not name a new premier. Party chairman Hua Kuo-feng continues to hold that title, and the leading candidate for the post, Li Hsien-nien, was identified as a vice premier. It is possible that strong supporters of former vice premier Teng Hsiao-ping--perhaps among them Defense Minister Yeh Chien-ying, the second most powerful man in China--are advocating that the job be kept in Hua's hands until Teng can be "rehabilitated" and step into it.

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[] Other than the opening speech by Politburo member Wu Te, none of the speeches or announcements made at the session referred to the need to continue to criticize Teng. His rehabilitation does not seem likely to occur soon but is a strong possibility over the longer term.

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[] There was no announcement of a new chairman of the National People's Congress, a position that is equivalent to head of state. Filling this post could be a contentious issue. There are signs that some in the leadership, possibly led by ambitious military leader Chen Hsi-lien, would like Defense Minister Yeh Chien-ying to move up to the chairman's job, leaving the defense portfolio to Chen.

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[] Yeh probably does not want to relinquish his control over the army. He and others in the leadership probably would prefer that the chairmanship go to Wu Te, a civilian and leading candidate for the job. Wu, however, continues to be identified as a vice chairman.

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[] An unusual feature of the session was the consistent treatment of Chairman Hua and Yeh as separate from the others in attendance. Hua and Yeh were bracketed together several times in speeches and announcements connected with the session.

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[] The press treatment of the two as almost equals is an indication of Yeh's importance and suggests that Hua shares some power with him. Adulation of a top leader--and the reports on the meeting contained a good deal of this--was, however, exclusively reserved for Hua. [] []

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RHODESIA: Guerrilla Activity

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[] The raids have destroyed sizable quantities of munitions, demonstrated the vulnerability of both the guerrilla camps and their Mozambican defenders, and probably forced the insurgents to move back from the border. The Rhodesian security

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forces have also retaliated in force against Mozambican military units that initiated border actions; in at least one case, the Rhodesians used jet fighters.

25X1 [] Inside Rhodesia, the security forces have apparently tracked down numerous guerrilla bands, including many infiltrating for the first time. Nearly 250 guerrillas were killed last month, according to Rhodesian communiques. The weaknesses in the guerrillas' military training were evident. The insurgents have also been hampered by factional fighting at camps inside Rhodesia.

25X1 [] Although the Rhodesian security forces apparently intend to keep up the pressure on the guerrillas, the insurgents will probably make a stronger showing in the weeks ahead. The heavy rains are beginning to provide significantly improved vegetation cover. Moreover, the guerrillas' ranks will be swelled as more black Rhodesians recruited over the past year become available. []

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THAILAND: Relations with Neighbors

25X1 [] Prospects for improved relations between Thailand and its Indochinese neighbors suffered a significant setback with the military takeover in Bangkok on October 6.

25X1 [] The anti-communist, and specifically anti-Vietnamese, rhetoric of the new Thai leaders, especially Prime Minister Thanin, sparked a vitriolic response from Hanoi that has continued unabated. Vietnam continues to express concern that the return to military control will lead to a return of US military forces to Thailand, although the thrust of Vietnamese complaints in recent weeks has been the alleged mistreatment of Vietnamese residents and refugees in Thailand.

25X1 [] In spite of its rhetoric, however, the Thai leadership has moved fairly quickly to try to halt the deterioration in relations. []

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[REDACTED] Hanoi's reaction has been discouraging for Bangkok. There still has been no answer to Thailand's diplomatic note on the August agreements, and the Thai offer to send a delegation to Hanoi to discuss the question of technical overflights--an issue that has been dragging on for several months--was turned down. Hanoi's excuse was that the Vietnamese are too busy preparing for a party congress this month.

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[REDACTED] This may be true. Once the party congress is over, the Vietnamese may respond more positively to Thailand's gestures. Vietnamese Prime Minister Pham Van Dong has reaffirmed to foreign diplomats Vietnam's desire for normal relations with Thailand. There may be further delays, however, before the Vietnamese come around to a more reasonable exchange on outstanding practical issues.

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[REDACTED] Some of the basic issues that have long plagued Vietnam-Thai relations--such as the repatriation of the Vietnamese in Thailand--are not likely to be resolved in the next few years and will be a continuing source of tension. In the meantime, the Thai government may come under pressure from those who see such conciliatory gestures as demeaning, especially when they are met with apparent Vietnamese scorn. [REDACTED]

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FRANCE: New Gaullist Leader

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[REDACTED] A revived Gaullist party, elated by its success in the French by-elections last month, will elect Jacques Chirac as its president at a special convention on Sunday.

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[] The dynamic and ambitious former prime minister will then be a rival to President Giscard for leadership of the center-right, although both deny they are competitors. Giscard's popularity is at an all-time low, and the Gaullists are finding they have less and less in common with his policies.

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[] The Gaullists have, for example, recently resisted Giscard's efforts to push for ratification of the EC plan for direct elections to the European Parliament. They have also rejected his choice for a single progovernment candidate for Paris' first election of a mayor next spring.

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[] The Gaullists view the by-elections as a personal success for Chirac and a defeat for Giscard's Independent Republicans, who lost two out of the three seats they campaigned for and only narrowly captured the third. The Gaullists see this as proof that Chirac's strategy of direct confrontation with the left has more election potential than Giscard's unsuccessful attempts to win over certain leftists.

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[] The Gaullists are on the verge of an extensive restructuring of their party at Chirac's behest. Although some of the Gaullist "barons" have reservations about Chirac's plans, only former prime minister Jacques Chaban-Delmas has set himself up in complete opposition. Other "barons" disagree with some of the details but will probably go along.

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[] Partisans of Chirac's reforms dominate more than half of the party federations, and the convention is likely simply to ratify reforms--including a change of name and the replacement of the old executive bureau--that have already been agreed upon.

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[] Although Chirac's emergence as the new Gaullist leader will influence election maneuvering and introduce a new fluidity into French politics, the majority parties still have a common desire to defeat the left in the 1978 legislative election. There will be a strong trend toward polarization of the right as Chirac strives to attract new voters and assure the primacy of his party within the governing majority. An abrupt break is unlikely before the election.

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[] Giscard's "presidential majority" is also troubled by the weakness of the other two members of his alliance--the

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centrists and the Radical Socialists. Both have been hard hit by their poor performance in the elections, by the President's declining popularity, and by the emergence of Chirac. Although they have been talking of "asserting their own identity" within the majority, they will have trouble regaining enough momentum by 1978 to recoup their losses. [REDACTED]

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OPEC: Recent Developments

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[REDACTED] //At its meeting in late November, the Organization of Petroleum Exporting Countries' Economic Commission Board failed to come up with a concrete oil price recommendation for the oil ministers' conference in Doha, Qatar, later this month. [REDACTED]

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[REDACTED] //The oil ministers' meeting, still officially set to open on December 15, probably will be postponed for five days to avoid conflict with the ministerial session of the Conference on International Economic Cooperation scheduled to begin in Paris on December 15. The temporary delay would afford several oil ministers the opportunity to attend the CIEC and assess concessions by developed countries before deciding on the oil price increase. The delay would also avoid making CIEC a forum for criticism of an OPEC price decision.//

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[REDACTED] //If the Paris meeting is postponed until early next year, as has been advocated by some participants, OPEC will undoubtedly go ahead with its Doha session. The ministers are obligated under the terms of the OPEC charter to hold a meeting at about this time, other business is on the agenda, and OPEC members would not want to offend Qatar, the host country.//

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[REDACTED] //The oil ministers must vote on a successor to Secretary General Feyide of Nigeria, whose term expires this month. The new secretary general, who will serve a two-year

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term, may be given more advisory powers and greater authority over working-level substantive activities under a reorganization plan that is being considered.//

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[REDACTED] //Under the informal rotational system, Ecuador would be in line to nominate one of its nationals as secretary general. It might select Petroleum Minister Vargas. Qatar, which previously passed its turn, also wants to name a candidate. It might choose Ali Jaydah, Qatar's delegate to the OPEC Board of Governors.//

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[REDACTED] //In a November interview with the West German magazine *Der Spiegel*, the Shah of Iran proposed a new variation of his scheme to link oil prices to the price index of industrial goods that Iran imports. He now is proposing a series of bilateral indexing deals between Iran and the countries that purchase its oil, with the expectation that other OPEC countries would follow his lead.//

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[REDACTED] //The Shah's plan would distort crude and product prices throughout the oil consuming countries because the inflation rates for their industrial exports to OPEC vary from state to state.//

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[REDACTED] //The new scheme is more complex and less rational than the Shah's previous proposal for a single index applicable to both producers and consumers; that idea has met substantial opposition from virtually all oil importing, and some oil exporting, states. [REDACTED] [REDACTED]

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FRANCE: Communist Socialist Alliance

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[REDACTED] The French Communist Party's mixed performance in last month's legislative by-elections--in which the Socialist Party fared much better--highlights the Communists' difficulties in trying to expand their political base.

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[] The proportion of blue-collar workers--traditionally the main source of Communist support--is gradually declining in France, and the party lags far behind the Socialists in support from voters of other categories. Communist leaders have decided that they must broaden the party's appeal just to retain the 20 percent of the vote the party has won in the recent past.

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[] As part of this effort, the party now emphasizes its commitment to civil liberties and independence from Moscow.

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[] In order to maintain tactical flexibility and to soften the break with past policy, party leader George Marchais has used unofficial spokesmen to float some of the leadership's more unorthodox ideas--for example, the proposition that French participation in NATO could make the left's ultimate accession to power in France "safer." In addition, the party gave its candidates in the by-elections more freedom than it had ever permitted before in the hope that this would convince French voters that the Communists respect democratic practices.

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[] The new tactics have had mixed results. In the first round of the by-elections, the Communists held their own in one district, gained four percentage points in another, and lost almost as many points in each of the remaining five. It was the Socialists, rather than the Communists, who attracted most of the new voters and some voters from the center and right.

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[] In the two districts in which the Communists had second-round candidates, party discipline among the leftist parties held and the Communists made a good showing. In fact, the Communist candidate in the run-off in a Paris suburb attracted more than the combined first-round votes of the left and was only narrowly defeated. Although there were many local factors responsible, the close result confirms the growth of the party in some of the Paris suburbs--in part a result of the exodus of working-class voters from the high-cost central city area.

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[] The party's election tactics have created problems within the party itself. According to a recent US embassy analysis, party ideologists see in Marchais' tactics the danger

that the party will lose its identity, draw away from its traditional working-class base, and become the kind of "catch-all" party they believe the Socialists to be.

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[] Marchais and his faction are in firm control now, and his tactics appear to be successful in terms of membership. The party has been attracting new members of agriculturally depressed areas and in the suburbs of some of the larger cities. Its claim to have almost a half million members is probably not far from the truth.

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[] In most cases, however, the party is still getting its members from traditional sources--workers or families with a tradition of supporting the left--and adding strength in areas where it is already in the majority. The new members tend to be young, but they are also less disciplined and less receptive to orthodox Marxist ideology, and probably more fickle in their voting.

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[] The party's new liberal line has not improved the image of Marchais, who has never been popular. A recent poll indicated that one year after frequent exposure to a noncombative Marchais on television and in press conferences, more than half of the French public still had an unfavorable impression of him--a slightly higher number than a year earlier.

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[] Whether or not the new approach represents a genuine evolution of French Communist views--40 to 50 percent of the French public do not believe it does--the party will probably continue its softer line in the period before the local elections next year and the legislative election in 1978.

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[] It is unlikely that the party's election tactics will bring it anything more than a marginal number of new voters. Just maintaining its strength in the face of both the Socialist challenge and shifting sociological patterns may turn out to be a considerable accomplishment. Even if their voting strength declines, however, the Communists stand to increase their participation in municipal governments through their alliance with the Socialists.

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VENEZUELA: Oil Sales to Cuba

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[redacted] During his recent visit to Moscow, President Carlos Andres Perez concluded an agreement in principle with the USSR for Venezuela to supply Cuba a small amount of its petroleum needs.

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[redacted] Venezuela will initially sell Cuba 10,000 barrels per day of crude oil, about 8 percent of Cuba's crude requirements; this amount will eventually double.

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[redacted] In return, the USSR will supply a similar amount of petroleum to some of Venezuela's customers in Europe. The proposed deal would reduce transportation costs for the USSR, which would be able to shift to other uses a few of the 20 to 25 tankers now in the Cuban trade.

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[redacted] Because of the difficulties in determining the per barrel equivalence of Venezuelan and Soviet oil, it may be some time before the agreement actually goes into effect. Inability to overcome this problem scuttled a previous trilateral arrangement among Mexico, the USSR, and Cuba. For Venezuela, the agreement is largely a political gesture to both the USSR and Cuba. It will receive no economic advantage in its trade relations with either country.

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[redacted] In Venezuela, the political impact of the arrangement with the Soviet Union will be minimal. The limited scope of the arrangement--in comparison with earlier reports that the swap would entail as much as 120,000 to 150,000 barrels per day of Venezuelan crude--may cause some surprise.

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[redacted] Administration leaders will probably emphasize the positive aspects of the agreement: the potential for increasing Venezuelan influence in Cuba, diversification of Venezuela's petroleum export market, and the enhancement of Venezuelan influence in the Caribbean region, an area that Venezuelan officials have come increasingly to regard as a natural sphere of influence.

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POLAND: Personnel Changes

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[] Personnel changes announced yesterday in Warsaw are clearly intended to strengthen Gierek's hand in the party and the party's control over the government. The announcement immediately followed a central committee plenum and a session of parliament.

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[] Two Politburo members, Jan Szydlak and Jozef Kepa, were named deputy premiers, auguring tighter party control over the economic bureaucracies. These moves to pack the government with proven party stalwarts probably reflect Gierek's reported conclusion that economic technocrats had increasingly escaped party control. He also blamed the technocrats in part for the fiasco over price increases last June.

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[] Szydlak will have to give up his position on the party secretariat and Kepa his position as head of the Warsaw party organization. In practical terms, however, the two men will be well situated to use their status as Politburo members to improve economic coordination and performance.

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[] Two new party secretaries were also announced. Stefan Olszowski resigned his position as foreign minister to assume the party position. This move appears to be a promotion. Alojzy Karkoszka comes to the secretariat from the Council of Ministers and will strengthen the party's direct control over investment. Both men are compatible with Gierek. Emil Wojtasek, a career diplomat, will be the new foreign minister. []

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